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PAGE 01 STATE 310302
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PAGE 02 STATE 310302

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TAGS: ENRG, IEA

SUBJECT: IEA: SLT MEETING OF DECEMBER 15-16-17

1. THE IEA GOVERNING BOARD AT ITS MEETING ON NOVEMBER 8-9 DECIDED TO INITIATE A PROCESS FOR ARRIVING AT A REDUCED DEPENDENCE OBJECTIVE FOR IMPORTED OIL AND INSTRUCTED THE STANDING GROUP ON LONG-TERM COOPERATION (SLT) TO REVIEW THE NATIONAL AND COOPERATIVE POLICIES AND PROGRAMS ADOPTED OR PROPOSED BY PARTICIPATING COUNTRIES AND SUBJECT THEM TO SCRUTINY AS TO THE RESULTS THEY ARE EXPECTED TO RECEIVE. THE SLT BEGAN THIS PROCESS AT THE DECEMBER 15-17 MEETING BY REVIEWING THE ENERGY PROGRAMS AND POLICIES OF GERMANY, SWITZERLAND, NEW ZEALAND, IRELAND, ITALY AND SPAIN. DENMARK, UNITED KINGDOM, BELGIUM/LUXEMBORG, SWEDEN AND THE NETHERLANDS WILL BE REVIEWED IN PLENARY SESSION JANUARY 12-14 AND JAPAN, NORWAY, UNITED STATES, TURKEY, GREECE, CANADA, AND AUSTRIA WILL BE EXAMINED JANUARY 26-28. THE REVIEWS ARE BASED ON A DOCUMENT PREPARED BY THE IEA SECRETARIAT SUMMARIZING COUNTRIES' ENERGY PROGRAMS WHICH WILL BE FURNISHED TO EMBASSIES. A SUMMARIZED VERSION OF ENERGY PROSPECTS FOR EACH COUNTRY FOLLOWS:

2. GERMANY: GERMANY PROJECTS AN INCREASE IN OIL IMPORTS FROM 122.5 MTOE IN 1975 TO 152 MTOE IN 1985. THIS PROJECTION IS BASED ON AN INCREASE IN ENERGY CONSUMPTION (244 MTOE TO 350 MTOE) AND PRODUCTION (117 MTOE TO 173 MTOE). IMPORT TARGETS DEPEND ON A SUBSTANTIAL INCREASE IN NUCLEAR POWERED ELECTRICITY, SIGNIFICANT INCREASE IN LIMITED OFFICIAL USE

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PAGE 03 STATE 310302

NATURAL GAS IMPORTS, STEADY COAL PRODUCTION, AND ENERGY CONSUMPTION INCREASES OF 4.0 PERCENT ANNUALLY. SLT REVIEW NOTED THAT GERMANY WILL MOST LIKELY NOT ACHIEVE PRODUCTION TARGETS DUE TO A MAJOR SHORTFALL IN INSTALLED NUCLEAR CAPACITY. THE IMPLICATIONS OF SUCH A SHORTFALL (50GW PROJECTED VS. 25 GW MOST LIKELY REALIZED) ARE THAT OIL IMPORTS WILL BE GREATER UNLESS GERMANY ADOPTS STRONGER CONSERVATION PROGRAMS, PARTICULARLY IN THE INDUSTRIAL SECTOR AND STRICTLY ADHERES TO THE POLICY OF PROHIBITING THE CONSTRUCTION OF NEW OIL AND GAS FIRED ELECTRIC GENERATING STATIONS.

3. SWITZERLAND: SWITZERLAND PROJECTS AN INCREASE IN OIL IMPORTS FROM 13.2 MTOE IN 1975 TO 16.1 MTOE IN 1985. THIS PROJECTION IS BASED ON AN INCREASE IN ENERGY CONSUMPTION (22.5 MTOE TO 30.5 MTOE) AND PRODUCTION (9.2 MTOE TO 12.8 MTOE). IMPORT TARGETS RELY ON A MAJOR INCREASE IN GAS IMPORTS, AN INCREASE IN NUCLEAR POWERED

ELECTRICITY, AND ENERGY CONSUMPTION INCREASES OF 3.1 PERCENT ANNUALLY. SLT CONCLUDED THAT SWITZERLAND COULD ACHIEVE IMPORT TARGET THOUGH ONE NUCLEAR POWER STATION MIGHT NOT BE IN OPERATION BY 1985 AND GAS IMPORTS ARE SLIGHTLY OPTIMISTIC CONSIDERING EXISTING INFRASTRUCTURE. WHILE SWITZERLAND HAS A LOW RATIO OF ENERGY USE TO GROSS DOMESTIC PRODUCT, ENERGY CONSUMPTION COULD BE REDUCED BY ADOPTION OF ANY SIGNIFICANT CONSERVATION MEASURES. ADOPTION AND IMPLEMENTATION OF SUCH MEASURES WOULD REQUIRE A CHANGE IN FEDERAL GOVERNMENT/CANTON RELATIONSHIPS CONCERNING ENERGY MATTERS.

4. NEW ZEALAND: NEW ZEALAND PROJECTS NO INCREASE IN OIL IMPORTED 4.5 MTOE OF OIL.) THIS PROJECTION IS BASED ON AN INCREASE IN ENERGY CONSUMPTION (10.3 MTOE TO 16.0 MTOE) AND PRODUCTION (5.9 MTOE TO 11.6 MTOE) THE OVERALL OBJECTIVE OF NEW ZEALAND'S ENERGY POLICY IS REDUCTION OF THE OIL IMPORT SHARE OF TOTAL ENERGY REQUIREMENTS TO 30 LIMITED OFFICIAL USE

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PAGE 04 STATE 310302

PERCENT BY 1985 BY INCREASING DOMESTIC PRODUCTION AND USE OF COAL, GAS AND HYDRO-ELECTRICITY AND RESTRAINING GROWTH IN TOTAL ENERGY REQUIREMENTS TO 4.5 PERCENT ANNUALLY. SLT CONCLUDED THAT NEW ZEALAND'S ENERGY TARGETS ARE ATTAINABLE THOUGH ADOPTION OF VARIOUS CONSERVATION MEASURES AND INTRODUCTION OF NUCLEAR POWER WHEN POLITICALLY

ACCEPTABLE COULD IMPROVE ENERGY BALANCES.

5. IRELAND: IRELAND PROJECTS AN INCREASE IN OIL IMPORTS FROM 5.0 MTOE IN 1975 TO 10.5 MTOE IN 1985. THIS PROJECTION IS BASED ON AN INCREASE IN ENERGY CONSUMPTION (6.8 MTOE TO 13.2 MTOE) AND PRODUCTION (1.4 MTOE TO 2.2 MTOE). IRELAND'S OVERALL ENERGY RESOURCE SITUATION IS LIMITED AND PRODUCTION ESTIMATES ARE BASED ON A SMALL INCREASE IN PEAT AND LOW-QUALITY COAL AND THE COMING ON STREAM OF A SMALL QUANTITY OF NATURAL GAS RECENTLY DISCOVERED OFFSHORE WHILE CONSUMPTION IS BASED ON AN ANNUAL GROWTH RATE IN TOTAL ENERGY REQUIREMENTS OF 6.9 PERCENT ANNUALLY. SLT AGREED IRELAND COULD EASILY MEET IMPORT PROJECTIONS BUT SUGGESTED ENERGY BALANCES COULD BE IMPROVED BY DEVELOPING AN INTERFUEL SUBSTITUTION STRATEGY WHICH WOULD SWITCH FROM OIL AND GAS FIRED TO COAL AND NUCLEAR POWERED GENERATING STATIONS AND IMPLEMENT THE CONSERVATION OBJECTIVES RECOMMENDED BY THE ADVISORY COMMITTEE ON ENERGY CONSERVATION.

6. ITALY: ITALY PROJECTS AN INCREASE IN OIL IMPORTS FROM 84.0 MTOE IN 1975 TO 116.6 MTOE IN 1985. THIS PROJECTION IS BASED ON AN INCREASE IN ENERGY CONSUMPTION

(128.2 MTOE TO 204.8 MTOE) AND PRODUCTION (25.1 MTOE TO 52.2 MTOE). ESTIMATES ASSUME A LARGE INCREASE IN NUCLEAR POWERED ELECTRICITY WITH CORRESPONDING INVESTMENT REQUIREMENTS, SIGNIFICANT INCREASE IN GAS IMPORTS, A MODEST INCREASE IN OIL AND GAS PRODUCTION AND COAL IMPORTS, AND A GROWTH IN TOTAL ENERGY REQUIREMENTS OF 4.8 PERCENT LIMITED OFFICIAL USE

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PAGE 05 STATE 310302

ANNUALLY. SLT CONCLUDED THAT ITALY WOULD NOT ACHIEVE ENERGY BALANCES PROJECTED DUE TO A SIGNIFICANT SHORTFALL IN NUCLEAR CAPACITY BY 1985 (21 GW PROJECTED VS. LIKELY 5.3 GW IN OPERATION). ESTIMATED COMPLETION OF TRANS-MEDITERRANEAN PIPELINE BY 1985 AND ABILITY OF EXISTING INFRASTRUCTURE TO ABSORB INCREASED GAS IMPORTS ARE ALSO SOMEWHAT OPTIMISTIC. ITALY COULD IMPROVE ITS ENERGY PROGRAM BY ADOPTING FULL COST PRICING FOR ELECTRICITY PROVIDED TO THE DOMESTIC/RESIDENTIAL SECTOR, APPROVING AND IMPLEMENTING AN INDUSTRIAL CONSERVATION PROGRAM, BALANCING OF ENEL BUDGET BY 1980 THEREBY ENHANCING ITS ABILITY TO RAISE CAPITAL TO FINANCE NUCLEAR PROGRAM, AND IMPLEMENTATION OF ENERGY POLICY THAT ALL FUTURE POWER STATIONS WILL BE NUCLEAR. NOTE: THE UNITED STATES REVIEWED THE ITALIAN ENERGY PROGRAM AND WILL SEND PRELIMINARY REPORT TO EMBASSY IN EARLY JANUARY FOR DELIVERY TO MR. F. FOLCHI.

7. SPAIN: SPAIN ESTIMATES THAT OIL IMPORTS WILL INCREASE FROM 38.5 MTOE IN 1975 TO 46.0 MTOE IN 1985. THIS

ESTIMATE IS PREDICATED ON AN ENERGY CONSUMPTION INCREASE (62.4 MTOE TO 119.3 MTOE) AND PRODUCTION INCREASE (18.4 MTOE TO 62.9 MTOE). SPAIN ASSUMES A HUGE INCREASE IN NUCLEAR POWERED ELECTRICITY, SIGNIFICANT INCREASES IN GAS PRODUCTION AND IMPORTS, INCREASES IN COAL PRODUCTION AND IMPORTS, AN INCREASE IN HYDRO-POWERED ELECTRICITY ACCOMPANIED BY AN ANNUAL INCREASE OF 6.7 PERCENT IN TOTAL PRIMARY ENERGY CONSUMPTION. SLT CONCLUDED SPAIN WILL NOT ACHIEVE NUCLEAR PROJECTIONS BY 1985 (22 GW PROJECTED VS. 11 GW ON STREAM, UNDER CONSTRUCTION, OR ORDERED), AND PRODUCTION TARGETS FOR NATURAL GAS ARE OVER OPTIMISTIC. SPAIN COULD HELP ALLEVIATE ITS ENERGY POSITION BY INCREASING COAL UTILIZATION IN ELECTRICITY GENERATION TO OVERCOME SHORTFALL OF NUCLEAR PROJECTIONS AND ADOPTING FULL COST PRICING FOR ELECTRICITY TARIFFS. LIMITED OFFICIAL USE

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PAGE 06 STATE 310302

8. SLT REVIEWED REPORT PREPARED BY SWITZERLAND ON
RISK ANALYSIS AND STRONGLY RECOMMENDED THAT INTERESTED
MEMBER COUNTRIES COMPLETE THE STUDY FOLLOWING THE
ANALYTICAL STRUCTURE SUGGESTED BY THE EXPERTS GROUP, OR
SUGGEST IMPROVEMENTS IN THE STRUCTURE SHOULD BE ADDED.
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